

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of San Diego Gas & Electric Company (U 902-E) for Order Approving Power Purchase Agreements with Certain Qualifying Facilities.

Application 02-03-010
(Filed March 8, 2002)

**ADMINISTRATIVE LAW JUDGE'S RULING
REQUESTING ADDITIONAL INFORMATION FROM
SAN DIEGO GAS & ELECTRIC COMPANY**

This ruling requests additional information from San Diego Gas & Electric Company (SDG&E) regarding its Application 02-03-010.

On March 8, 2002, SDG&E filed an application requesting an order approving Power Purchase Agreements (PPA) with Minnesota Methane and its affiliates (MM), MM San Diego LLC (Miramar), MM San Diego LLC (North City), and MM Prima Deshecha Energy LLC (collectively, the MM Projects). The application includes a public version of its PPAs and a redacted version of its PPAs filed under seal. Accompanying its application, SDG&E filed a motion requesting a Protective Order to preserve the confidentiality of the redacted PPAs. This motion was granted by my ruling of April 12, 2002.

On April 15, 2002, the Office of Ratepayer Advocates (ORA) filed a Response to SDG&E's Application (Response) filed under seal pursuant to Pub.

Util. Code § 583. On April 26, 2002, SDG&E filed a Reply to the Comments of ORA (Reply) also filed under seal.

SDG&E's application states that it performed an economic analysis of the potential customer benefits of the PPAs using a forecast of natural gas prices at Malin¹ to estimate the prospective short-run avoided cost (SRAC) prices for the term of the MM project contracts. These SRAC prices were then compared to prices paid under the MM project contracts. SDG&E's economic analysis estimates that the savings to ratepayers for the term of the PPAs is 47%. Neither ORA's Response nor SDG&E's Reply include the information developed in SDG&E's economic analysis.

Therefore, SDG&E is directed to provide its economic analysis of potential customer benefits, including forecasted natural gas prices, and any other information pertinent to supporting its statement "that the contracts would provide a significant benefit to ratepayers." All such information must be verified and supported by declarations.

SDG&E states in its application that the current Bridging Agreement expires on June 30, 2002, and therefore an expeditious response is necessary. SDG&E is requested to file this information no later than May 24, 2002.

¹ Malin is located on the California/Oregon border and is currently utilized as the gas index in determination of SRAC prices.

Therefore, **IT IS RULED** that:

1. Additional information is required to justify San Diego gas & Electric Company's (SDG&E) Application 02-03-010.
2. No later than May 24, 2002, SDG&E shall provide the information requested as described in this ruling. All information shall be verified and supported by declarations.

Dated May 9, 2002, at San Francisco, California.

/s/ BRUCE DEBERRY

Bruce DeBerry
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Requesting Additional Information from San Diego Gas & Electric Company on all parties of record in this proceeding or their attorneys of record.

Dated May 9, 2002, at San Francisco, California.

/s/ JEANNIE CHANG
Jeannie Chang

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.

